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COPY NO. 39

49154

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 14 1951

NOTE: 1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.

2. Comments represent the preliminary views of the Office of Current Intelligence.

3. Marginal letter indications are defined as follows:

"A" - items indicating Soviet-Communist intentions or capabilities

"B" - important regional developments not necessarily related to Soviet/communist intentions or capabilities

"C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

"C" EASTERN EUROPE. CZECHOSLOVAKIA. Yugoslav Embassy Employee Allegedly Requests Asylum. According to a Czechoslovak broadcast, the radio operator of the Yugoslav Embassy in Praha who recently disappeared has asked the Czechoslovak Government for asylum. The radio operator has allegedly stated that his sentiments in favor of the proletariat and the USSR have led him to oppose the reactionary policies of the Yugoslav Government. [redacted] COMMENT: The Yugoslav Government had previously protested to the Czechoslovak Government in this matter, claiming that Czechoslovak police had seized the Yugoslav employee on Embassy property. 25X1

"B" YUGOSLAVIA. Tito Government Concerned Over Enforced Western Alignment. Yugoslav leaders have expressed to US Ambassador Allen, [redacted] 25X1
[redacted] in Belgrade, the Yugoslav Government's 25X1
serious concern over the recent news leak of Yugoslav attempts to obtain Western arms. Yugoslav UN Delegate Bebler and Foreign Affairs Ministry representative Vilfan have expressed anxiety that the leak made it appear that the Yugoslav Government had joined the Western bloc. Ambassador Allen is convinced that the Yugoslav leaders are concerned over a possible adverse reaction within the Yugoslav Communist Party and with the effect on the Yugoslav ideological position abroad. The Ambassador notes that some high Yugoslav Party members cannot conceal their regret 25X1
that events are pushing them inevitably toward closer security alignment with the West. [redacted] COMMENT: [redacted] 25X1
[redacted] the Yugoslav necessity to turn to the Western Powers for support has caused differences of opinion between the hard-core ideological element in the Party and a more practical group inclined to be pro-Western. Thus far these differences have caused no major repercussions in the Party, although they are undoubtedly a major preoccupation of the Yugoslav Politburo.

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SECTION 2 (EASTERN)

[redacted] 25X1

"B" IRAN. Violence in Oil Fields Assumes Graver Proportions. US Ambassador Grady reports that UK Counselor Middleton has provided the following details concerning the recent riots in the southern oil fields. According to Middleton the riot involved a crowd estimated at 4,000 by UK observers, which attacked Iranian security forces attempting to disperse a meeting of the Anglo-Iranian Oil Company's (AIOC) apprentices in Abadan. Casualties which have been reported include two UK seamen killed, 9 Iranians killed and 11 injured. Army Chief of Staff Garzan has informed Middleton that four brigades of approximately 400 men each have been rushed to Abadan. Middleton asserts, however, that the situation is worsening and that Iranian security forces are inadequate. Middleton stated that violence occurred only after known Tudeh agitators addressed the crowd. Garzan has indicated grave concern that the Tudeh will cause trouble in different points in Iran in order to keep army forces off balance. Meanwhile, press reports state that a noisy demonstration of 7,000 persons, reportedly led by Communists, was held on April 13 in Tehran, in which the demonstrators demanded the end of UK control of the Iranian oil industry. The walkout of National Front (ultra-nationalist faction) deputies from Parliament resulted in lack of a quorum; a vote of confidence in Ala's cabinet was consequently not taken. [redacted] 25X1

[redacted] 25X1

COMMENT: This riot marks the first serious disorders in what has been a relatively orderly strike. Conditions had settled slightly during the last few days with a decrease in the number of workers on strike in the oil fields and an apparent strengthening of the Prime Minister's position. Emotions on the oil issue, however, have continued high and there is considerable uneasiness throughout the

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country. While the army is believed to be capable of coping with disorder within Iran, continued disturbances of this nature serve only to increase lack of confidence in the government. Despite repeated assertions by the press and by AIOC officials that the Tudeh is involved in the disturbances, there has been no concrete evidence pinning direct responsibility for the agitation on the Tudeh.

"B" AUSTRALIA. [redacted] 25X1

[redacted] 25X1

[redacted] COMMENT: Although it is generally conceded 25X1
that the Government will win the election, its margin of victory remains highly unpredictable. This is largely explained by the distribution of electorates (which in the last election resulted in majorities in 25 instances ranging from 1,000 to less than 40), the existence of a large floating vote, and the fact that in Australia, where voting is compulsory, a large proportion of the voters remain undecided until just before balloting.

"A" BURMA. Communist Threat to Burma Serious. US Embassy Rangoon reports that there is no doubt that "positive and effective" Chinese Communist assistance to the Burmese Communists is imminent, if it has not already begun. The Embassy believes this development poses a threat to Burmese security which the Government is unable or unwilling to meet. It cites (1) the failure of the "dry season" military campaign even to contain insurgent activities, (2) the Government's inability to implement effective border controls, and (3) the refusal of Burmese political leaders to relate Burma's domestic insurgency to international Communist expansionism. In view of these considerations, the Chinese Communists appear to be capable of steadily infiltrating northern Burma, and smuggling guerrillas and supplies in sufficient quantities to turn the military tide in favor of the insurgents. 25X1
The Embassy concludes that such Chinese intervention in Burmese affairs "bids fair to attain Communist objectives in Burma." [redacted] 25X1

[redacted] COMMENT: [redacted] the Chinese 25X1
Communists intend to assist the Burmese Communists and that such assistance may already have been made available. Burmese forces are so heavily engaged and dispersed in lower Burma that only a relatively small effort would be necessary to bring most of Burma north of Mandalay under de facto Communist control in a short period of time. [redacted] 25X1

[redacted] 25X1

"A" THAILAND. Thailand Accused of War Preparations. An article appearing in the Chinese Communist publication, PEOPLES DAILY, charges that the Phibun Government, with the aid of the US military advisory group, is converting Thailand into "one of America's main bases" in Southeast Asia and that

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these bases are aimed primarily at "new" China and Vietnam. To support these accusations, the Communists claim that the US military mission is responsible for concentrating munitions in north and northeast Thailand, arming and reorganizing Kuomintang forces along the China-Thailand border (non-existent) and training Kuomintang agents. [redacted] 25X1
COMMENT: This renewed propaganda blast against Thailand carries a more ominous undertone than previous efforts and lends greater credence to the belief that the Communists are assiduously preparing for the use of external or internal violence at an appropriate time.

"A" INDOCHINA. Chinese Communists Accuse French of Border Violations. The Chinese Communist radio on 11 April broadcast in both Chinese and Tonkinese a bitter attack on the French for alleged violations of the Sino-Indochina border. The French were accused of a series of air and land encroachments from January through March and warned that "the Chinese people are paying close attention to these new irrational and provocatory French actions." [redacted] 25X1
COMMENT: The French have in the past admitted to US officials that they have occasionally been guilty of inadvertent violations of Chinese territory. Periodically the Chinese Communists have violently protested these incursions and threatened the French with retaliatory action. This new protest might be designed to justify the presence of Chinese Communist troops in Indochina, but evidence is lacking to prove it represents more than another propaganda blast intended to keep the French nervous and conciliatory.

[redacted] 25X1

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SECTION 3 (WESTERN)

"B" ITALY. Sforza Urges "Moral Extinction" of Peace Treaty. Foreign Minister Sforza, in a letter to French Foreign Minister Schuman, has suggested that Washington, London and Paris make "formal and substantial change" in Italy's international position by announcing the "moral extinction" of the peace treaty, because such a gesture by the Western powers would place on Moscow the entire responsibility for the continued existence of the treaty. Premier De Gasperi's coalition Government would thereby be strengthened, on the eve of the nation-wide communal elections scheduled for May, along with a rise in the general morale of Italy's non-Communists and concurrent embarrassment among the extreme Leftists. It would also aid the Italian rearmament program, still under discussion in the Italian Senate. 25X1
COMMENT: In addition to the reasons given above and to the generally prevalent Italian resentment over the terms of the peace treaty, Premier De Gasperi is particularly anxious to restore his prestige among dissident elements within his own Christian Democratic Party in the face of an eventual Cabinet reshuffle necessitated by the departure of the right-wing Socialists from the coalition.

"B" BELGIUM. Government Upset by Dollar Aid Cut. A Government spokesman has stated that Belgian officials see no relation between the stoppage of Marshall Plan allotments to Belgium and a Belgian court action tying up $7 million earmarked for the rehabilitation of railroads in Greece. He added that Belgium's rearmament spending had already brought the country into a difficult financial position. According to a US press release, ECA acted because the Belgian Government supported a private firm in this suit. Opposition spokesmen have claimed that the US action would weaken the one-party Catholic Government, and possibly bring its downfall. 25X1
25X1
COMMENT: The Belgian Government, acting as a partner in this purely judicial matter, did not exert official influence. Belgian cooperation with the US probably will not be impaired as a result of the action. However, the Government will be faced with stronger opposition to its remaining military legislation still pending in Parliament, but the Government's stability will not be jeopardized.

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DAILY DIGEST SUPPLEMENT

APR 14 1951

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TOP SECRET

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

[redacted] 25X1

14 April 1951

SECTION 1 (SOVIET)

"B" YUGOSLAVIA. Interest in Peace Observation Commission Increases. The Yugoslav government is showing some interest in the value of a US proposal to inaugurate a UN Peace Observation Commission to observe the situation on both sides of the Yugoslav-Cominform frontier. A Yugoslav Foreign Office spokesman, however, has indicated that his government's attitude toward UNSCOB is "100 percent negative" [redacted] 25X1

[redacted] COMMENT: The Yugoslav government has until recently been opposed to the creation of any UN-sponsored border commission, probably because the acceptance of such a body would reflect on Yugoslav sovereignty. The opposition to UNSCOB is based on UNSCOB's early reports implicating Yugoslavia in Greek Guerrilla activities. The trend toward Yugoslav acceptance of a UN "Peace Commission" is attributable to the Tito government's concern over the increasing tension with the Cominform bloc. 25X1

SECTION 2 (EASTERN)

"B" IRAN. US Disapproval of Thornburg to be aired in Paris. Max Thornburg, well-known American economic oil expert, is leaving Iran on 16 April for Bahrein and New York after having discussed with Time and AP reporters his "non-employment" by the Iranian Government as an advisor on the oil problem. Thornburg, according to US Ambassador Grady in Tehran, has stated that Prime Minister Ala wished to employ him as an advisor but that Ala had been informed that such an arrangement would not be agreeable to the US Embassy and Department of State. Thornburg also in effect suggested that the British had vetoed this employment. Grady reports that he had recently reaffirmed to Ala that the Department of State did not think it advisable for the Iranian Government to engage Thornburg and had so informed the two reporters subsequent to their interview with Thornburg. [redacted] COMMENT: Thornburg has had several discussions in recent weeks with US Ambassador Grady who has pointed out to him that the extremely delicate and complicated situation made it desirable that individual Americans, especially those who had oil 25X1

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company connections, remain out of the picture. Grady also stressed that the Iranian oil crisis was being considered at "top level" conferences in Washington and London. Anticipated Time and AP releases on this subject can only exacerbate the already tense situation in Iran.

"B" EGYPT. Initial Government Reaction to UK Defense Proposals. According to US Ambassador Caffery in Cairo the new British defense proposals were presented on 11 April to Foreign Minister Salaheddin by British Ambassador Stevenson. [redacted] Stevenson informed Caffery that London had given him: (1) some leeway in the method of presenting the proposals, and (2) additional instructions on the Sudan proposing the creation of a tripartite commission (Egypt-Sudan-UK) to formulate proposals for a constitutional government in the Sudan. Salaheddin told Stevenson that the Egyptian Cabinet would have to be consulted, but that he personally considered the proposals as unacceptable. Meanwhile, the Egyptian Government has put a strict censorship on press coverage of the issue, and King Farouk, who is taking a personal interest in the negotiations, has instructed the top Government officials to make no decisions without consulting him. Caffery subsequently was told by the King's Press Counselor, Kerim Tabet, that both King Farouk and the top Government leaders realize the "realities of the international situation" and are determined if possible to avoid a clash with the UK, but that they are faced with a real problem as to how far they can go with the Egyptian public. Tabet indicated that from the standpoint of Egypt's leaders, no agreement might be better than a bad agreement, and that the Anglo-Egyptian discussions might therefore have to be prolonged indefinitely. 25X1

[redacted] COMMENT: 25X1
Domestic political considerations both within Egypt and within the UK practically thus seem to preclude any hope for an Anglo-Egyptian agreement on the defense issue for some time to come. The prospect for the immediate future is that both sides may tacitly agree to stalling tactics to avoid popular repercussions either in Egypt or the UK over a complete breakdown in the talks.

SECTION 3 (WESTERN)

[redacted] 25X1

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[redacted] 25X1

"B" ITALY. Italians Becoming More Vocal Against Exclusion From International Agencies. The US Ambassador to Italy has noted the exclusion of Italy from the list of countries which the British propose inviting to London to discuss joint economic policy toward Yugoslavia. The Ambassador recommends that, in view of mounting Italian resentment against exclusion from international directing councils and the serious political consequences resulting therefrom, it would be wise to include Italy. He also points out that although Italy is not in a position to furnish assistance to Yugoslavia, her political interest and geographical position are important in carrying out any Yugoslav-aid plans. [redacted] 25X1 25X1
[redacted] COMMENT: The Italians consider Yugoslavia as an important area to their defense and are therefore favorable to any economic program which would strengthen Yugoslavia. The Italians are not willing, however, to have the Yugoslavs get preferential military aid, consequently they will continue to seek representation on any Western policy group concerning Yugoslavia.

[redacted] 25X1

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